

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2015 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMIRATES INVESTMENT BANK P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emirates Investment Bank P.J.S.C. (the "Bank") as at 30 September 2015 and the related interim condensed consolidated statements of income and comprehensive income for the three month and nine month periods then ended, and the related interim condensed consolidated statements of cash flows and changes in equity for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

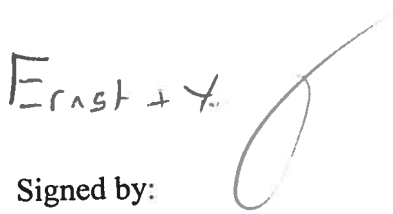
Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Ernst & Y.

Signed by:

Anthony O'Sullivan
Partner
Registration No. 687

1 November 2015

Dubai, United Arab Emirates

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
	Notes		
ASSETS			
Cash and balances with UAE Central Bank		276,777	236,787
Due from banks	3	999,765	1,042,798
Loans and advances, net	4	550,990	573,251
Investments	5	1,637,046	1,628,693
Investment in an associate		72	72
Property & equipment		5,486	4,834
Other assets		21,473	18,343
TOTAL ASSETS		3,491,609	3,504,778
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	6	87,311	130,883
Customer deposits		3,021,811	2,985,063
Other liabilities		59,539	49,093
TOTAL LIABILITIES		3,168,661	3,165,039
EQUITY			
Share capital		70,000	65,000
Legal reserve		32,500	32,500
Special reserve		28,984	28,984
Cumulative changes in fair values		5,951	52,248
Retained earnings		185,513	161,007
TOTAL EQUITY		322,948	339,739
TOTAL LIABILITIES & EQUITY		3,491,609	3,504,778

The interim condensed consolidated financial statements were approved by the Board of Directors on 1 November 2015 and signed on its behalf by:



Marwan Shehadeh
(Director)



Khaled Sifri
(Chief Executive Officer)

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2015 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2015 AED'000 Unaudited</i>	<i>2014 AED'000 Unaudited</i>	<i>2015 AED'000 Unaudited</i>	<i>2014 AED'000 Unaudited</i>
Interest income	7	9,368	8,713	27,116	23,569
Net income from investments	8	18,871	11,470	67,926	79,700
		<u>28,239</u>	<u>20,183</u>	<u>95,042</u>	<u>103,269</u>
Interest expense		(8,229)	(10,198)	(25,991)	(32,128)
NET INTEREST INCOME AND NET INCOME FROM INVESTMENTS		20,010	9,985	69,051	71,141
Other income		8,254	4,888	21,808	12,066
Exchange gain/(loss) - net		251	3,436	1,713	3,316
OPERATING INCOME		28,515	18,309	92,572	86,523
General and administrative expenses		(16,260)	(12,641)	(48,767)	(36,521)
Impairment loss on available- for- sale- investments		(13,580)	(5)	(17,299)	(1,081)
Impairment reversal/ (loss) on loans and advances		3,000	-	3,000	(7,970)
OPERATING EXPENSES		(26,840)	(12,646)	(63,066)	(45,572)
PROFIT FOR THE PERIOD		1,675	5,663	29,506	40,951
BASIC AND DILUTED EARNINGS PER SHARE	9	2.39	8.09	42.15	58.5

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 September 2015 (Unaudited)

	<u>Three months ended</u> <u>30 September</u>		<u>Nine months ended</u> <u>30 September</u>	
	<i>2015</i> <i>AED'000</i> <i>Unaudited</i>	<i>2014</i> <i>AED'000</i> <i>Unaudited</i>	<i>2015</i> <i>AED'000</i> <i>Unaudited</i>	<i>2014</i> <i>AED'000</i> <i>Unaudited</i>
Profit for the period	1,675	5,663	29,506	40,951
Other comprehensive (loss) / income to be reclassified to income statement in subsequent periods				
Net unrealised (loss) / gain on available-for-sale investments	(29,838)	8,481	(29,924)	52,039
Net realised gain transferred to income statement on disposal of available-for-sale investments	(9,325)	329	(33,672)	(31,950)
Impairment loss on available-for-sale investments recognised in the income statement	13,580	5	17,299	1,081
Other comprehensive (loss) / income for the period	(25,583)	8,815	(46,297)	21,170
Total comprehensive (loss) / income for the period	(23,908)	14,478	(16,791)	62,121

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2015 (Unaudited)

	<i>Nine months ended</i> <i>30 September</i>	
	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
OPERATING ACTIVITIES	29,506	40,951
Profit for the period		
Adjustments for:	1,520	1,093
Depreciation	-	1
Loss /(gain) on disposal of property and equipment	17,299	1,081
Impairment loss on available-for-sale investments	(3,000)	7,970
Impairment (reversal) /loss on loans and advances	(53,632)	-
Change in due from bank with original maturity of over three months	(56,931)	(486,856)
Change in due to bank with original maturity of over three months	25,261	(597,327)
Change in loans and advances (net)	(71,949)	719,768
Change in investments (net)	(3,130)	1,378
Change in other assets	36,748	1,644,894
Change in customers' deposits	10,446	11,131
Change in other liabilities		
Net cash (used in)/from operating activities	(67,862)	1,344,084
INVESTING ACTIVITIES	(2,172)	(1,183)
Purchase of property and equipment		
Net cash used in investing activities	(2,172)	(1,183)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(70,034)	1,342,901
Cash and cash equivalents at 1 January	1,205,633	83,632
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	1,135,599	1,426,533
Cash and cash equivalents comprise the following amounts in the statement of financial position with original maturities of three months or less:		
Cash and balances with the UAE Central Bank	276,777	189,356
Due from banks	946,133	1,408,219
Due to banks	(87,311)	(171,042)
	1,135,599	1,426,533
Operational cash flows from interest and dividends	42,984	23,390
Interest paid	51,664	62,062
Interest received (including from investments)	11,739	15,133
Dividends received		

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2015 (Unaudited)

	Share capital AED '000 (Unaudited)	Legal reserve AED '000 (Unaudited)	Special reserve AED '000 (Unaudited)	Cumulative changes in fair value AED '000 (Unaudited)	Retained earnings AED '000 (Unaudited)	Total AED '000 (Unaudited)
At 1 January 2015	65,000	32,500	28,984	52,248	161,007	339,739
Profit for the period	-	-	-	-	29,506	29,506
Other comprehensive income for the period	-	-	-	(46,297)	-	(46,297)
Total comprehensive income for the period	-	-	-	(46,297)	29,506	(16,791)
Scrip dividend – relating to 2014 (Note 14)	5,000	-	-	-	(5,000)	-
Balance at 30 September 2015	70,000	32,500	28,984	5,951	185,513	322,948
At 1 January 2014	60,000	30,000	24,361	63,337	126,896	304,594
Profit for the period	-	-	-	-	40,951	40,951
Other comprehensive income for the period	-	-	-	21,170	-	21,170
Total comprehensive income for the period	-	-	-	21,170	40,951	62,121
Scrip dividend - relating to 2013 (Note 14)	5,000	-	-	-	(5,000)	-
Balance at 30 September 2014	65,000	30,000	24,361	84,507	162,847	366,715

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

1 INCORPORATION AND ACTIVITIES

Emirates Investment Bank P.J.S.C. (the "Bank") was incorporated on 17 February 1976 in Dubai, United Arab Emirates by a decree of HH The Ruler of Dubai. In 1999, the Bank was registered under the UAE Commercial Companies Law No. (8) of 1984 (as amended) as a Public Joint Stock Company. During 2010, the Bank changed its name to Emirates Investment Bank PJSC. The Bank is engaged in the business of private banking and investment banking. The address of the Bank's registered office is P. O. Box 5503, Dubai, United Arab Emirates.

The interim condensed consolidated financial statements for the period ended 30 September 2015 comprise the financial statements of the Bank and its subsidiary (together referred to as the "Group").

The Bank is a subsidiary of Al Futtaim Private Company LLC which holds 52.85% of the shares in the Bank.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Bank are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2014. In addition, results for the nine months ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiary (a special purpose entity) as at 30 September 2015. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if, and only if, the Bank has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting or similar rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from the contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2 ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Special purpose entities (SPE)

A SPE is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual arrangements. SPE are entities that often have restricted activities and are created to accomplish a narrow and well-defined objective such as the securitisation of assets or the execution of a specific financing transaction. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Bank and the SPE's risk and rewards, the Bank concludes that it controls the SPE.

The following circumstances may indicate a relationship in which, in substance, the Bank controls and consequently consolidates an SPE:

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE's operation;
- The Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; or
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The assessment of whether the Group has control over an SPE is carried out at inception and reassessed at each statement of financial position date.

The SPE in which the Bank exercises control is consolidated in these interim condensed consolidated financial statements as EIB Enhanced Liquidity Fund Limited (The Company). The Company has launched a liquidity fund. The Bank is appointed as the Investment Manager and Custodian of the Company. The Company is managed by EIB Investment Management (Cayman) Limited, which is a 100% subsidiary of an associate company of the Bank, EIB Investment Company LLC. The Company is an open-ended, multi-class investment company structured to operate as an open-ended unit trust or mutual fund and is an exempted company with limited liability formed under the laws of the Cayman Islands. The investment objective of the Company is to generate income and preserve capital through investment in short-term, high quality debt instruments and related securities.

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015 and consolidation of a subsidiary.

The Bank applies, for the first time, certain standards and amendments. As required by IAS 34, the nature and the effect of these changes are disclosed below.

Several other new standards and amendments apply for the first time in 2015. However, they do not impact the annual financial statements of the Bank or the interim condensed consolidated financial statements of the Bank.

2 ACCOUNTING POLICIES (continued)**New standards, interpretations and amendments (continued)**

The nature and the impact of each new standard/amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Bank as there is no defined benefit plan with contributions from employees or third parties.

The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 DUE FROM BANKS

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Domestic	31,673	105,509
Regional	54,049	34,586
International	914,043	902,703
	999,765	1,042,798

4 LOANS AND ADVANCES, NET

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Commercial and business:		
Overdrafts / loans (secured)	560,395	585,656
	560,395	585,656
Gross loans and advances	(9,405)	(12,405)
Less: collective impairment provision		
	550,990	573,251

At 30 September 2015, there were no loans individually determined to be impaired and, accordingly, no specific provisions were considered necessary in respect of any of the loans and advances provided by the Bank (31 December 2014: Nil).

Based on the assessment of health of the overall loans and advances portfolio, and also in compliance with the directive of the Central Bank of UAE, the Bank determined a collective impairment provision of AED 9,405 thousand (31 December 2014: AED 12,405 thousand) against risk of default incurred but not yet identified. The Bank has reversed impairment provision amounting to AED 3,000 thousand during the quarter as it is no longer required.

5 INVESTMENTS

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<i>Designated at fair value through profit or loss</i>		
Debt		
Quoted	34,517	-
Unquoted	64,600	-
	<u>99,117</u>	<u>-</u>
<i>Available-for-sale investments</i>		
Debt		
Quoted	761,948	774,300
Unquoted	274,235	91,707
	<u>1,036,183</u>	<u>866,007</u>
Equity		
Quoted	415,619	664,491
Unquoted	85,594	97,654
	<u>501,213</u>	<u>762,145</u>
	<u>1,636,513</u>	<u>1,628,152</u>
	533	541
Investment in bullion	<u>1,637,046</u>	<u>1,628,693</u>
Total investments		
<i>Debt investments:</i>		
Domestic	713,855	573,504
Regional	18,387	16,387
International	403,058	276,116
	<u>1,135,300</u>	<u>866,007</u>
<i>Equity investments:</i>		
Domestic	96,199	125,268
Regional	17,882	37,917
International	387,132	598,960
	<u>501,213</u>	<u>762,145</u>
	<u>533</u>	<u>541</u>
Investment in bullion	<u>1,637,046</u>	<u>1,628,693</u>

Part of the proprietary investment portfolio of the Group having a carrying value of AED 76 million (2014: AED 116 million) is pledged as collateral with banks against credit facilities and repurchase agreements totaling to AED 57 million (2014: AED 85 million).

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 September 2015 (Unaudited)

5 INVESTMENTS (continued)

As at 30 September 2015, the Group held the following investments measured as follows:

	30 September 2015 AED'000 (Unaudited)	<i>Investments carried at fair value</i>			<i>Investments carried at cost AED'000 (Unaudited)</i>
		Level 1 AED'000 (Unaudited)	Level 2 AED'000 (Unaudited)	Level 3 AED'000 (Unaudited)	
Debt investments:					
Domestic	713,855	385,800	-	-	328,055
Regional	18,387	18,387	-	-	-
International	403,058	392,279	10,779	-	-
Equity investments:					
Domestic	96,199	78,313	734	17,152	-
Regional	17,882	17,882	-	-	-
International	387,132	269,428	117,127	577	-
Investment in bullion	533	533	-	-	-
	<u>1,637,046</u>	<u>1,162,622</u>	<u>128,640</u>	<u>17,729</u>	<u>328,055</u>

As at 31 December 2014, the Group held the following investments measured as follows:

	31 December 2014 AED'000 (Audited)	<i>Investments carried at fair value</i>			<i>Investments carried at cost AED'000 (Audited)</i>
		Level 1 AED'000 (Audited)	Level 2 AED'000 (Audited)	Level 3 AED'000 (Audited)	
Debt investments:					
Domestic	573,504	493,930	-	-	79,574
Regional	16,387	16,387	-	-	-
International	276,116	263,983	12,101	32	-
Equity investments:					
Domestic	125,268	107,988	-	17,280	-
Regional	37,917	37,917	-	-	-
International	598,960	434,118	164,256	586	-
Investment in bullion	541	541	-	-	-
	<u>1,628,693</u>	<u>1,354,864</u>	<u>176,357</u>	<u>17,898</u>	<u>79,574</u>

5 INVESTMENTS (continued)

During the current period, investments amounting to Nil (2014: AED 12,101 thousand) were transferred from Level 1 to Level 2 as quoted prices for such securities are no longer regularly available.

Investments amounting to Nil (2014: AED 62,125 thousand) were transferred from Level 2 to Level 1. The transfers from Level 2 to Level 1 were made in 2014 as the market in respect of these securities was considered to be active again. Investments under Level 2 fair value hierarchy are valued using the latest available asset value.

The following table shows a reconciliation of the opening and closing amounts of level 3 investments recorded at fair value:

	<i>30 September 2015 AED'000 (Unaudited)</i>	<i>31 December 2014 AED'000 (Audited)</i>
At the beginning of the period	17,898	7,104
Transfer from Level 1	-	7,959
Transfer from Level 2	-	12,165
Transfer from investments carried at cost	-	693
Total losses		
in income statement	(32)	(4,556)
in other comprehensive income	(6)	(5,649)
Disposals	(131)	-
Purchases	-	182
At the end of the period	<u>17,729</u>	<u>17,898</u>

The Group has assessed the sensitivity of the fair value measurement of investments under level 3 due to changes in inputs used. Based on the assessment, no major changes in the fair value of investments under level 3 are noted as at 31 December 2014. Such an assessment is performed on an annual basis by observing the changes in unobservable inputs which might result in higher or lower fair value measurement.

6 DUE TO BANKS

	<i>30 September 2015 AED'000 (Unaudited)</i>	<i>31 December 2014 AED'000 (Audited)</i>
Term placement	86,932	96,931
Overdraft facility	379	5,656
Repurchase agreements	-	28,296
	<u>87,311</u>	<u>130,883</u>

The Bank has borrowed an amount of Nil (December 2014: AED 28 million) under repurchase agreements, whereby the Bank's investments in certain bonds with a carrying value of Nil (December 2014: AED 40 million) as at 30 September 2015 are pledged as collateral under these agreements.

The Bank has also borrowed an amount of AED 57 million (December 2014: AED 57 million) under term placements, whereby the Bank's investments in certain bonds with a carrying value of AED 76 million (December 2014: AED 76 million) as at 30 September 2015 are pledged as collateral under these placements.

7 INTEREST INCOME

	<i>Nine months ended</i> <i>30 September</i>	
	<i>2015</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>2014</i> <i>AED'000</i> <i>(Unaudited)</i>
Loans and advances	25,419	23,511
Bank placements	1,697	58
	<u>27,116</u>	<u>23,569</u>

8 NET INCOME FROM INVESTMENTS

	<i>Nine months ended</i> <i>30 September</i>	
	<i>2015</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>2014</i> <i>AED'000</i> <i>(Unaudited)</i>
Interest income on investments in debt instruments	23,974	33,639
Net realised gain on disposal of available-for-sale investments	33,672	31,950
Loss/ gain from investment securities designated as fair value through profit or loss	(187)	-
Dividend income	11,739	15,133
Portfolio management fee paid to other financial institutions	(1,272)	(1,022)
	<u>67,926</u>	<u>79,700</u>

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share of AED 42.15 is calculated by dividing the profit of AED 29,506 thousand for the nine months period ended 30 September 2015 (30 September 2014: AED 40,951 thousand) by the weighted average number of shares outstanding during the period of 700,000 of AED 100 each (30 September 2014: 700,000 shares of AED 100 each).

The earnings per share of AED 58.5 as reported for the nine months period ended 30 September 2014 (previously reported as AED 63) are adjusted for the effect of the shares issued in 2015 as a result of the stock dividend. The figures for basic and diluted earnings per share are the same as the Bank has not issued any instruments which would have an impact on earnings per share when exercised.

10 SEGMENTAL ANALYSIS

For operating purposes, the Bank is organised into two major business segments: (a) Investments which is principally involved in managing the Bank's own investment portfolio and provides treasury services; and (b) Banking Services, which principally manages client's investment portfolio, provides credit facilities, accepts deposit from corporate and individual customers and provides advisory services on corporate finance and capital market transactions. These segments are the basis on which the Bank reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds and an equitable allocation of expenses.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

10 SEGMENTAL ANALYSIS (continued)

	<i>Investments</i>		<i>Banking Services</i>		<i>Total</i>	
	<i>Nine months ended</i>		<i>Nine months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue *	64,995	85,806	39,269	23,794	104,264	109,600
Inter-segment adjustment	(2,107)	(19,798)	2,107	19,798	-	-
	<u>62,888</u>	<u>66,008</u>	<u>41,376</u>	<u>43,592</u>	<u>104,264</u>	<u>109,600</u>
Profit for the period	<u>26,147</u>	<u>39,082</u>	<u>3,359</u>	<u>1,869</u>	<u>29,506</u>	<u>40,951</u>

* Revenue comprises of interest income, net income from investments, other income and exchange gain/(loss) less impairment loss on investments and impairment loss/ reversal on loans and advances.

	<i>Investments</i>		<i>Banking Services</i>		<i>Total</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Segment assets	<u>3,030,466</u>	<u>2,981,956</u>	<u>461,143</u>	<u>522,822</u>	<u>3,491,609</u>	<u>3,504,778</u>
Segment liabilities and equity	<u>930,338</u>	<u>1,091,548</u>	<u>2,561,271</u>	<u>2,413,230</u>	<u>3,491,609</u>	<u>3,504,778</u>

11 COMMITMENTS AND CONTINGENT LIABILITIES

The Bank has the following credit related contingent liabilities and commitments:

	<i>30 September</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Guarantees	33,483	79,863
Unutilised committed credit facilities*	<u>18,672</u>	<u>20,954</u>
	<u>52,155</u>	<u>100,817</u>

The Bank has no commitments on account of investments made in securities and limited partnership funds.

* Unutilised committed credit facilities represent a contractual commitment to permit draw downs on a facility within a defined period subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to draw down have to be fulfilled, the total contract amounts do not necessarily represent exact future cash requirements.

11 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Operating lease commitments:

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Future minimum lease payments		
Within one year	1,697	1,651
After one year but not more than five years	1,540	3,214
Total operating lease expenditure contracted for at the end of the reporting period	3,237	4,865

12 RELATED PARTY TRANSACTIONS

The Group enters into transactions in the ordinary course of business with related parties, defined as major shareholders, directors, key management personnel and their related companies. All loans and advances to related parties are performing advances and are free of any provision for possible loan losses.

The significant balances outstanding in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<i>Directors, their related parties and key management personnel:</i>		
Loans and advances	1,303	790
Investments	310,856	61,209
Customers' deposits	766,506	1,024,991
Commitments and contingencies	24,798	74,423

The income and expenses in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	<u>Nine months ended</u> <u>30 September</u> 2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<i>Directors, their related parties and key management personnel:</i>		
Interest income	2,500	1,261
Interest expenses	15,996	19,016
Other income	1,183	1,533
General and administration expenses	2,538	2,449

Compensation of key management personnel:

	<u>Nine months ended</u> <u>30 September</u> 2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
Salaries and other benefits	7,462	5,216

13 DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business the Bank enters into transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. The purpose of derivative financial instruments in the Bank's business is to mitigate the risks arising from default, currency and interest fluctuations and other market variables. The Bank uses forward foreign exchange contracts to mitigate the currency risk on certain investments.

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with the notional amounts. The notional amount, recorded gross is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor credit risk.

<i>Positive fair value 30 September 2015 AED'000 (Unaudited)</i>	<i>Negative fair value 30 September 2015 AED'000 (Unaudited)</i>	<i>Notional amount 30 September 2015 AED'000 (Unaudited)</i>	<i>Positive fair value 31 December 2014 AED'000 (Audited)</i>	<i>Negative fair value 31 December 2014 AED'000 (Audited)</i>	<i>Notional amount 31 December 2014 AED'000 (Audited)</i>
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Derivative:

Forward foreign exchange contracts	<u>2,374</u>	<u>1,200</u>	<u>458,549</u>	<u>2,135</u>	<u>1,827</u>	<u>142,894</u>
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Derivative financial instruments include forward foreign exchange contracts. These instruments are entered into for a period of up to five years. The Bank has forty three forward foreign exchange contracts (2014: eleven) outstanding as at 30 September 2015.

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. A small movement in the value of the asset, rate or index underlying a derivative contract may have an impact on the profit or loss of the Bank. The Bank's exposure under derivative contracts is closely monitored as part of the overall management of the Bank's market risk.

Derivative product type**Forwards**

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in over-the-counter markets.

Fair value

The derivatives are recorded at fair value by using the published price quotations in an active market or counterparty prices or valuation techniques using a valuation model that has been tested against the prices of actual market transactions and the Bank's best estimate of the most appropriate model inputs.

Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Bank. With gross-settled derivatives, the Bank is also exposed to a settlement risk, being the risk that the Bank honours its obligation, but the counterparty fails to deliver the counter value.

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

13 DERIVATIVE FINANCIAL INSTRUMENTS (continued)***Derivative related credit risk (continued)***

The following table shows an analysis of derivative financial instruments recorded at fair value by level of the fair value hierarchy.

30 September 2015

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<i>Financial assets</i>				
Forward foreign exchange contracts	-	2,374	-	2,374
<i>Financial liabilities</i>				
Forward foreign exchange contracts	-	1,200	-	1,200

31 December 2014

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<i>Financial assets</i>				
Forward foreign exchange contracts	-	2,135	-	2,135
<i>Financial liabilities</i>				
Forward foreign exchange contracts	-	1,827	-	1,827

14 DIVIDENDS

On 18 March 2015, the shareholders have approved in the annual general meeting a scrip dividend at 7.692% of the paid up capital amounting to AED 5,000 thousand (2014: a scrip dividend of 8.333% amounting to AED 5,000 thousand for the year ended 31 December 2014). The scrip dividend was issued on 29 March 2015.

15 FIDUCIARY ASSETS

	<i>30 September 2015 AED'000 (Unaudited)</i>	<i>31 December 2014 AED'000 (Audited)</i>
Balance of fiduciary assets	4,284,401	4,214,543

The Bank manages investments on behalf of its customers. These investments are held by the Bank in a fiduciary capacity and are, accordingly, not included in these consolidated financial statements as assets of the Bank.